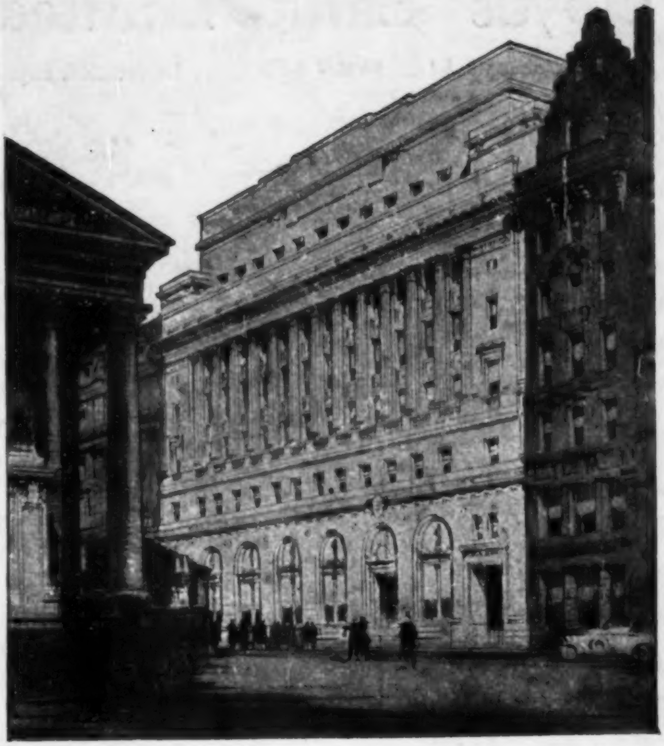

Lloyds Bank Limited

MONTHLY REVIEW

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***The Bank publishes from time to time in this* Monthly Review *signed articles by exponents of different theories on questions of public interest. The Bank is not necessarily in agreement with the views expressed in these articles.*

The Monetary Problem

By H. D. Henderson

THE economic recovery in Great Britain has now passed into a phase which is marked by many of the characteristic features of a boom. Commodity prices are rising fairly generally. There is a shortage of skilled labour in most industries. Business-men placing orders for goods find it increasingly difficult to secure delivery within a reasonable time. These are the prevailing conditions, though of course certain industries are still depressed, and unemployment is still extremely heavy in certain districts. Moreover, these tendencies must be expected to gain in strength during the next few months.

Sooner or later every boom is followed by a depression; and the belief is widespread that in some degree the boom serves to cause or at least to aggravate the depression that follows it. The question thus naturally arises, and is already being actively discussed, whether it would not be wise, and better in the long run for industry and employment, to restrain and "damp down" the boom on which we have now entered while it is still in its early phases.

This is the first occasion, it is worth noting, on which this question has arisen in this country as a practical issue. Until recently the attitude of Governments towards the alternatives of good trade and bad trade was essentially passive and could hardly be otherwise. They might endeavour to mitigate

the unemployment resulting from depressions or to stimulate particular branches of industry. But they lacked the power to control the trend of economic activity, however anxious they might be to do so. Fundamentally, it was inevitable, under a régime of fixed exchange-rates coupled with Free Trade, that British trade should move in the same way as trade in the outside world. Domestic trade activity, it was true, might be affected by changes in Bank rate. But, under gold standard conditions, changes in Bank rate turned mainly on whether gold was flowing into the country or was flowing out, i.e., they bore the character of semi-automatic responses to the movements of the foreign exchanges rather than of deliberate decisions. Bank rate, moreover, was, as it still is, the province of the Bank of England rather than of the Government.

The position has been radically altered by the events that have taken place and the experiments that have been made since 1931. The exchange-rates are no longer rigidly fixed. Movements of gold in or out of the country still take place; but these movements do not react as they used to do upon internal credit. Formerly an outflow of gold meant a reduction in the Bank's reserve; it thus made directly for a tighter money-market, and if persistent led necessarily to the sequel of a rise in Bank rate. Under our present arrangements an outflow of gold comes from the holdings of the Exchange Equalisation Account, and so far from tending to reduce the supply of short-term money may tend in practice rather to increase it; for as the Exchange Account sells gold it can reduce its borrowing of short-term money. In short, as the result of the creation of the Exchange Equalisation Account and the technique which has been evolved in working it, the dominating influence which movements in the foreign exchanges used to exert on the abundance or scarcity of money and the level of discount rates has been virtually eliminated.

But that is only half the story. The influence which exchange movements used to exert has been replaced by that of deliberate policy. In the interest partly of the Budget and partly of general recovery, it has been the settled policy of the Treasury during the last few years to secure and to maintain a low level of interest rates. They have contrived in co-operation with the Bank of England to keep money always so plentiful in the money market that a 2 per cent. Bank rate has been maintained without interruption for several years.

This policy has undoubtedly been, not indeed the sole but a major influence in establishing a low level of long-term interest rates; and there can be little doubt that this has been a major factor in the economic recovery.

But the success which has hitherto attended the Treasury policy adds to the importance of the problem that now confronts us. In effect we have acquired during recent years a new power of controlling our environment. We have used this power to stimulate recovery from depression; and we have now to consider how it should be used when the recovery is threatening to pass into a boom. Has the time come or is it approaching when it would be wise to modify the "cheap money" policy of recent years? The question is one which we are compelled to consider. We cannot escape it by arguing, for example, that events should be allowed to follow their natural course. Our existing level of short-money rates is too largely an artificial creation for such an attitude to be legitimate.

The question is, however, one of great complexity. How far is it really true that booms serve to cause or to aggravate the depressions that follow them? The relationship of cause and effect is by no means so clear as is often supposed. We have just emerged from the most intense and disastrous depression of modern times. Yet this depression was preceded by a period which, if it can fairly be called a boom at all, was, in its industrial aspects at least, a boom of the mildest character. Commodity prices in the years 1925–29 showed no strong upward tendency. In Great Britain the outstanding feature of the period was the prolonged depression of the staple exporting industries, entailing heavy and persistent unemployment. In other countries, it is true, economic development was rapid, particularly in the United States. But not even in the United States did we hear of a general shortage of labour, of difficulties in obtaining deliveries, or of any other indications that demand generally was running strongly in excess of supply. On the contrary, it was in the United States, at the height of her prosperity, that the phrase "technological unemployment" was first coined. It was there and then that a considerable discussion first arose as to the difficulty of maintaining employment in face of the rapidly growing productive power of modern industry. Unquestionably there was a Stock Exchange boom which contributed not a little to the subsequent collapse;

and there were many other radically unsound features of the economic equilibrium of 1925–29. But it remains doubtful whether these features are appropriately summed up by the general designation of boom.

It seems desirable therefore to clear our minds of any general assumption that the severity of a depression is likely to be proportionate to the strength of the boom that precedes it, and to ask ourselves more precisely, what are the features of a boom that may contribute to a subsequent depression, and what are the possible developments during a boom that it may be desirable to check. As the subsequent argument will show, the answers to these questions are not necessarily the same.

Upon one point there will be, I imagine, general agreement. If what is sometimes called a " vicious spiral " of rising prices and rising wage-rates were to develop, it would be essential to check it before it got out of hand. In this eventuality a rise in Bank rate would be entirely appropriate; indeed, sooner or later it would become inevitable. For the rising tendency of prices and wages would entail a constant increase in the supplies of cash withdrawn from the banks; and it would be virtually impossible in these circumstances for the authorities to maintain a plentiful supply of short-term money. But a genuine " vicious spiral " in which wage-rates rise because the cost of living has risen, and the cost of living rises further because wage-rates have risen, is not a very common phenomenon. It was widespread throughout the European continent during the post-war inflations; but the conditions prevailing then were highly exceptional. No " vicious spiral " was in evidence in the years immediately preceding 1929; and it would be premature in my judgment to assume that we are on the eve of such a development at the present time. It is true that prices are rising, and wages in many industries are also rising; but the two tendencies are not as yet clearly related as cause and effect. Wage-rates are tending to rise, not so much because the cost of living is rising as because profits have improved, and there are cuts imposed during the depression to be restored. The rise in the cost of living, which up to the present has been moderate, is not attributable in any appreciable degree to a rise in domestic wage-rates, but mainly to a recovery in the prices of primary products from the unduly low level associated with depression. Thus up to a point both these tendencies are healthy and

inevitable ; and it would be a mistake to regard their coincidence as evidence that a dangerous " vicious spiral " is at work.

On the other hand, there are various features of the present situation which make it not unlikely that something in the nature of a " vicious spiral " may develop in the course of the next year or two. I attach importance in this connection to the large part that heavy armament expenditure is coming to play in the economy of this country and other countries. In ordinary circumstances the steady growth in the productive power of industry and agriculture affords a safeguard against the " vicious spiral " danger ; for, so long as wage-rates do not rise on the average at a faster rate than that at which productivity is increasing, there is no reason why a rise in prices should take place. But a large part, and perhaps the greater part of the annual growth of productive power, is now being absorbed by increased expenditure on armaments, which adds nothing to the supply of commodities available for meeting human needs. This limits narrowly the extent to which real wages or real incomes can continue to improve and makes it much more likely that any increase in rates of remuneration will be reflected in a rise of prices.

I turn to another aspect of the problem. A marked feature of every boom is the over-expansion of constructional activity which accompanies it. This, indeed, is the feature which mostly clearly contributes to cause a subsequent depression. Capital goods of all sorts are produced on a scale which cannot possibly be sustained indefinitely ; sooner or later the demand for them necessarily falls off ; employment in the constructional industries declines ; purchasing power is reduced ; and a general depression is apt to follow. Now this characteristic of a boom is already present in a marked degree. House-building activity is still proceeding at an abnormally high level ; superadded to this we have an abnormal volume of constructional work for rearmament purposes ; while industrial building in general is stimulated by the resultant economic activity. These facts suggest the likelihood of a severe reaction whenever capital work for rearmament slackens off.

It is far easier to see the danger in this state of affairs than to prescribe the remedy. One moral, indeed, is fairly clear. We should avoid stimulating constructional activity still further in the meantime by schemes of public works

which are not of immediate necessity. We should go slow, for example, with the execution of work under the "overcrowding" policy, while preparing to go forward with it actively when depression ensues. But how much of the constructional work that is now being undertaken lends itself to the possibility of being thus, as it were, "hoarded up" for the future? We might doubtless bring the private house-building boom prematurely to an end by a drastic raising of interest rates. But it seems unlikely that the demand we thereby killed would reassert itself subsequently. In the meantime, it is by no means clear, in view of the notorious difficulties of transference from one class of work to another, that it would be advantageous to create unemployment in the house-building section of the building industry. Thus a rise in interest rates would be of very doubtful value as a corrective of what is perhaps the most dangerous feature of the present position.

Three important aspects of the problem remain to be considered. The first is the Budgetary aspect. Two distinct questions really arise under this head. First, how far is it legitimate to borrow to meet the (presumably) abnormal armament expenditure of the next few years? Upon this point the answer, though disagreeable, seems to me clear. So far as is practicable, we should finance the expenditure by increasing taxation. This will help to prevent boom conditions from getting out of hand. We do not really know as yet how much of the armament expenditure of the next few years will not prove to be recurrent. Moreover, with the possibility of a depression ahead of us, it is important that we should enter it with our national finances in the strongest possible condition. There are limits, however, to the extent to which taxation can be prudently increased; and it may be impracticable to avoid recourse to further borrowing. This adds importance to the second question. A rise in interest-rates, even a moderate rise in Treasury Bill rates, would aggravate the Budget difficulty. The Treasury have thus a strong departmental interest in maintaining interest-rates, both short-term and long-term, at the lowest possible level. How much weight should this consideration legitimately carry? There is an obvious source of danger here. A rise in money-rates might be delayed for Budgetary reasons after it had become urgently desirable on other grounds.

The next aspect to be considered is that of the foreign exchanges. The outlook here is highly uncertain; capital movements which it is impossible to foresee are likely at any given moment to prove the dominating influence. But various influences are at work which suggest that sterling may possibly undergo a prolonged period of prevailing weakness. Our balance of payments has been none too satisfactory in recent years. It is likely now to be prejudiced in a degree which it is difficult to estimate by our rearmament policy and also by the devaluation of the gold currencies.

Now there is no necessary reason why exchange fluctuations should entail a change in our domestic money-rates. It is of the essence of the new monetary technique that has been evolved that they do not do so; and, within reasonable limits, I regard it as important that this principle should be maintained. But it would obviously be undesirable, after the "gentlemen's agreement," that sterling should be allowed to fall much below its traditional parity with the dollar; and if such a fall were to take place while our money-rates were maintained at an extremely low level, we might be exposed to charges of bad faith. Incidentally, a substantial fall of sterling would accentuate the tendency for sterling prices to rise and would thus strengthen the case for higher money-rates on domestic grounds. I can imagine, therefore, that circumstances might arise in which exchange considerations were rightly allowed to supply the final impulse leading to a rise in money-rates.

Lastly, the possibility has to be considered that an unhealthy degree of speculative activity may develop in the stock or produce markets. In general, it seems to be better that excessive speculation should be checked in other ways, e.g., by concerted efforts on the part of the banks to limit advances for speculative purposes, rather than by raising money-rates which affect every branch of economic life. But here again, if there is an arguable case for dearer money on more general grounds, the existence of a dangerous speculative position might quite properly be allowed to turn the scales.

These, as it seems to me, are the main factors to be considered in a highly complex monetary problem. But there is, perhaps, a certain unreality in discussing the possibility of dearer money in general terms without reference to the question of degree. There would be a great difference between the effects of a moderate rise of money-rates, including even

a 3 per cent. Bank rate, and the effects of a more substantial rise. I do not think that the case is as yet made out for any tightening of credit. On the other hand, the forces making for trade recovery are now so strong that I do not suppose that a moderate rise in money-rates would do any great harm, beyond increasing somewhat the difficulties of the Budget problem; and I can imagine that circumstances may arise in the comparatively near future when it may be desirable as a steadying influence. But an increase of Bank rate beyond 3 per cent. would be another story. It would necessarily affect seriously the prices of long-dated securities, and by destroying the general confidence that a lower level of interest-rates has come to stay, it might affect them very seriously indeed. The repercussion of this would be far-reaching. To avoid the necessity for a high Bank rate should indeed be one of the major objectives of economic policy in the next few years. This adds to the importance of seeking other means for curbing the possible excesses of a boom.

H. D. Henderson.

December 1st, 1936.

Notes of the Month

The Money Market.—Conditions became easier during November after the slight October pressure for funds. Government dividend payments on November 1st restored to bankers' deposits most of the money which had been accumulating in public deposits during October, and this replenished the banks' supplies of cash, making it easier for them to buy bills and lend to the market. Later in the month the repayment of the first instalments due on the French sterling credit of £40 millions raised in London last February further augmented the banks' cash. On December 1st the payment of the War Loan dividend released still more cash, but most of this was absorbed by the payment of a heavy call on the new Funding Loan which fell due on that day. Nevertheless the upshot of all these changes is that between October 28th and December 2nd bankers' deposits have risen from £86·5 to £99·1 millions, so that money has become much more plentiful.

On the other hand, the issue of £100 millions of $2\frac{3}{4}$ per cent. Funding Loan on November 18th has apparently increased the supply of Treasury bills. The issue was over-subscribed, but if the result of previous loans is any guide, a certain amount was probably taken up by Public Departments. In any event, the amount of public funds either invested in Treasury bills or re-lent to the Exchequer apparently fell between November 14th and November 28th from £264 to £245 millions; while between November 14th and December 5th the volume of Treasury bills issued by tender rose from £603 to £613 millions. This looks as if the Departments have been substituting Funding Loan for Treasury bills.

Moreover, the banks have now ceased buying bills, and will hold off the market until the New Year. This is their normal practice, for up to Christmas they will lose some £25 millions of cash in the form of currency withdrawals by the public, while they are also preparing for the replenishment of their cash at the end of the year. Thus while money may at the end of November have been more plentiful, the market is having temporarily to take up more bills, and so discount rates have become firmer. The Treasury bill tender rate has risen from 10s. 10·30d. per cent. at the end of October to 15s. 9·73d. per cent. on December 5th, while the market rate for three months' bank bills has hardened from $\frac{17}{32}$–$\frac{9}{16}$ to

$\frac{13}{16}$–$\frac{7}{8}$ per cent. These are purely seasonal movements, due to the approach of Christmas and the New Year. They do not necessarily indicate any permanent rise in money rates.

The Foreign Exchanges.—Since devaluation, the leading exchange rates have been subject to official control in the different centres, and a statement issued at the end of November shows that Holland and Switzerland are now acting in co-operation with England, France, Belgium and the United States. This makes it difficult to draw any deductions from the very limited movements in spot rates, for these are largely pegged. The first impression left by the experience of recent weeks is that the devaluation of the franc has not been followed by any marked restoration of confidence or return of funds to France; and it is generally felt that the French Government's imposition of punitive taxation upon private "devaluation profits" is acting as a serious deterrent. The French authorities may have to modify their attitude, for in addition to the weakness of the franc, both the French Treasury and French industry are badly in need of the funds which still remain in foreign centres. As regards the New York Exchange, there has been little sign of the normal autumn demand for dollars, but it must be remembered that last summer's drought has affected the United States' ability to export primary commodities. The dollar, in fact, has been largely under the influence of capital movements. Early in November, when Wall Street was attracting European funds, the dollar strengthened to \$4·87⅛. Then came President Roosevelt's warning of the dangers to American economy of large arrivals of volatile foreign capital. A few days later nervousness on the Continent over the political situation induced a certain number of investors to bring their funds home again; for in times of political nervousness many people are inclined to hoard their savings under their own immediate control. The result was that by December 1st the dollar had weakened to \$4·90⅛. It is believed that the American authorities were not unwilling to see this last decline in the dollar, and that they may have been fostering it by selling dollars against gold purchases in London. Swiss francs have been very steady, under official control, at Frs.21·30, but the devaluation of the Swiss franc has greatly improved the outlook for the winter sports season, and this may strengthen the franc. Guilders have also been firm at Fl.9·02, and it is no longer thought

that the guilder is seriously over-valued. The "free" rate for Argentine pesos has lately strengthened from Pes.17·55 to the pound to the official import rate of Pes.17. This is due to the improvement in Argentina's trade position, which has aroused hopes that Argentina may soon be able to abolish her system of exchange control.

The Stock Exchange.—November proved a chequered month in the stock markets. At the beginning, great activity prevailed. Industrials responded to the result of the American Presidential election, while home rails strengthened on the announcement in the King's speech of the impending freight rebate legislation. There was great activity in the rubber, copper and tin share markets, with numerous marked increases in prices. The gilt-edged market, however, was hesitant, and a new municipal issue at that date was largely left in the hands of the underwriters.

Later came the issue of £100 millions of 2¾ per cent. 1952–7 Funding Loan at a price of 98½. This represented terms slightly more favourable to the investor than that of the issue at the end of 1935, and the new loan was over-subscribed. It is uncertain how much of it was taken up by Public Departments for subsequent re-sale, but the new loan represents a fresh competitor for funds seeking investment.

So far markets were dominated by the continuance of the trade revival and by the growing world demand for primary commodities—many of them subject to restriction schemes. This bullish atmosphere lasted until November 18th, and on that date industrial share prices rose to a new high record, at least since 1929. Then sentiment abruptly changed. Although the trade outlook became good, the market came suddenly under the influence of the prevailing political nervousness on the Continent. There was heavy French selling in both London and New York, and prices fell in every section of the market. Towards the end of November there was a partial recovery in several sections, such as industrials, home rails and gold-mining shares, but the general tone was one of hesitancy, and at the beginning of December there was a fresh reaction.

To some extent these declines in prices may represent profit-taking, and in any case prices had previously been rising so rapidly that some reaction was desirable. The

real lesson is that prices are still being pulled in different directions by the trade revival and by political nervousness, and at the end of November the latter influence was the stronger.

Overseas Trade.—The following table shows the recent trend of imports and exports. October of each year has witnessed an expansion, which may be partly seasonal. Nevertheless, the recent improvement in exports is very welcome.

	1935.		1936.	
	Sept. £ mill.	Oct. £ mill.	Sept. £ mill.	Oct. £ mill.
Imports	60·8	73·4	71·9	80·5
Exports	34·1	39·9	37·0	41·7
Re-Exports	3·8	4·7	3·8	4·5
Total Exports	37·9	44·6	40·8	46·2
Import Surplus	22·9	28·8	31·1	34·3

The increase in imports is largely in those of food, and last year's movements suggest that it is seasonal. There are, however, moderate increases in imports of raw materials and manufactured goods, so that the home trade revival and rearmament, together with the upward trend of prices, are continuing to swell our imports. The increase in British exports is largely in manufactured goods, but coal exports have risen from 3,031,000 to 3,226,000 tons.

Description.	Jan.–Oct., 1935.	Jan.–Oct., 1936.	Increase (+) or Decrease (–)
	£ mn.	£ mn.	£ mn.
Total Imports	612·4	688·1	+ 75·7
Retained Imports	567·1	638·1	+ 71·0
Raw Material Imports	169·0	199·6	+ 30·6
Manufactured Goods, Imports ...	151·9	175·6	+ 23·7
Total Exports, British Goods ...	351·6	361·8	+ 10·2
Coal Exports	26·3	24·3	– 2·0
Iron and Steel Exports	29·8	29·5	– 0·3
Cotton Exports	50·3	51·0	+ 0·7
British Manufactured Goods, Exports	273·4	281·7	+ 8·3
Re-exports	45·3	50·0	+ 4·7
Total Exports	396·9	411·8	+ 14·9
Visible Trade Balance	–215·5	–276·3	+ 60·8

Reviewing the ten months' movements, there was a rise of £20·4 millions in food imports, mainly in those of grain and dairy produce. Most of the increase in raw material imports was in timber, cotton and wool. Among imports of

manufactured goods, the increase was largely in iron and steel, non-ferrous metals, machinery and oils, fats and resins (including petrol). Here the influence of the home trade revival of rearmament is traceable. The October improvement in exports suggests that the final import surplus for the year may be a little less than seemed likely a month ago, but it still appears probable that the year will close with an adverse balance of payments. This again may be less than seemed likely a month ago.

Commodity Prices.—The devaluation of the gold *bloc* currencies has been followed by an acceleration in the upward trend of world wholesale prices. In England, during November, the wholesale price index number rose by 2·4 per cent., while since the third week of September (immediately prior to devaluation) it has risen by 5·5 per cent. There have been substantial advances in miscellaneous foods, textiles and non-ferrous metal prices. It looks as if devaluation, by reviving the industries of the gold *bloc* countries, is enabling them to increase their imports of raw materials, but expenditure upon rearmament helps to explain the rise in wool and non-ferrous metals. The advance in American wholesale prices has been less marked, amounting since the third week of September to 3·1 per cent. In France, devaluation has so far been followed by an advance of 17·1 per cent. in wholesale prices, while the cost of living is also reported to be higher. Up to the end of October Dutch wholesale prices had risen by 8·9 per cent.

In England, the official cost-of-living index number rose during October from 48 to 51 per cent. above its July, 1914, level. On November 1st, 1935, the index stood at 47. There is usually a seasonal increase every autumn, and the October increase is largely due to this cause. In fact, if seasonal fluctuations are eliminated, this index number remained very steady from April 1st onwards to October 1st, and it is only recently that there has been any sign of a genuine increase. So far this has been very limited. The retail food price index rose during October from 32 to 36 per cent. above its July, 1916, level, this again being mainly a seasonal movement. On November 1st, 1935, it stood at 31, and has since followed a course parallel to the cost-of-living index. If seasonal fluctuations are eliminated, it also remained very steady between early April and early October.

Home Reports

The Industrial Situation

Trade has made further progress, and some of the special areas, such as Tyneside and Clydeside, are now definitely sharing in the recovery. South Wales and West Cumberland, however, remain very depressed. Taking the country as a whole, employment (exclusive of agriculture) on November 23rd touched a new high record of 11,120,000, and the slight increase in unemployment since October is entirely due to the registration for the first time of about 9,000 unemployed agricultural workers. Many districts and industries report a shortage of skilled labour, and it is apparent that unemployment is now either in the depressed industries and special areas or represents the normal shifting of labour. The trade revival is now on a broader basis than it was in its earlier stages, for it has spread from the capital goods industries to the consumption goods industries, while the October trade returns record an improvement in exports. Here a danger is that in some trades export business is being squeezed out by the home demand.

The usual trade indicators mostly point to a continuance of recovery. There is a steady demand for industrial chemicals and electric power consumption has again increased. Retail trade for October showed an improvement of 7·4 per cent. on the previous year, while imports of raw materials continue to expand. The improvement in exports has already been noticed. On the other hand, November railway goods traffic receipts were the same as in November, 1935, while there is some evidence that the revival in the building industry may for the moment be making no further progress. October and November have witnessed an acceleration in the upward trend of wholesale prices, so that it is clear that the devaluation of the gold *bloc* currencies has not depressed British prices, as the depreciation of the pound depressed world prices in 1931–32. On the contrary, the recent strength of wool and non-ferrous metals suggests that the general rearmament demand for these commodities is being reinforced by a new demand from the countries with devalued currencies. This is adding to the purchasing power of many of our overseas customers, and so will assist our export trade. Certainly trade reports from a

large number of countries are as good or better than they have been for a long time, but the full effects of devaluation have still to show themselves.

At home, the rise in wholesale prices has been accompanied by some increase in the cost of living. So far the increase during recent months has been mainly seasonal, while there have also been some wage increases. These movements are not sufficient to indicate that we have entered upon a cycle of dangerously rising prices, wages and costs. On the contrary, such wage increases as have so far occurred will expand consumption and purchasing power and ought not to increase costs unduly.

The question of the trade and monetary outlook is discussed by Mr. H. D. Henderson in the principal article in this month's issue of the REVIEW. His views are not necessarily endorsed by Lloyds Bank, but he covers the different possibilities so thoroughly that there is no need to go over the ground again. Most people would agree that, apart from international political uncertainties, the immediate outlook remains encouraging. In the longer run certain dangers and difficulties may emerge to which Mr. Henderson has rightly called attention.

Agriculture

England and Wales.—According to an official report the lifting of the potato crop was carried out during October under favourable conditions. Some varieties have yielded light and small tubers, but other varieties have done well. The yield per acre is forecast at 5·8 tons. Root crops grew appreciably during October. The yield per acre of turnips and swedes is forecast at 12·4 tons, that of mangolds at 18·6 tons, and that of sugar beet is now expected to average about 8·4 tons of washed and topped beet. Good progress has been made with autumn cultivation. Wheat will probably be sown to the same extent as in recent years. Both cattle and sheep have made good progress, and except in a few districts milk yields have been kept up to normal without difficulty.

Scotland.—Farm work has been hindered to some extent by the recent wet weather, but in most districts tillage is well advanced for the season. In the produce markets wheat and barley have been steady to firm, but oats have been somewhat

easier. Potatoes have met a good demand at increasing prices. Good supplies have been forward in the live-stock markets with best quality bullocks rather dearer, but secondary kinds tending more in buyers' favour. Sheep have been steady generally, with heavy lambs in strong demand.

Coal

Hull.—Export prices are being fixed by control committees, and high values are maintained, even for qualities in weak demand. A considerable amount of contract business over next year has been booked at about current prices, but buyers have undertaken to pay the increase which would arise from a discontinuance of the de-rating rebate. Inland trade has been slow to improve, owing to the unseasonably mild weather during the first part of November. Collieries are well stemmed for practically all qualities.

Newcastle-upon-Tyne.—There is a strong pressure for all classes of coal, only limited occasionally by lack of prompt tonnage. The forward position is well assured. Coke is in good demand, and any odd parcels offering are readily taken up.

Sheffield.—The demand for graded industrial coal is maintained at a good level, and prices are firm. Best hards are a good market on inland account. On the export market there is a steady demand for all qualities, and the resumption of trade with Italy has made conditions more active. Demand for household coal is normal. The coke market is firm, and supplies of all grades of metallurgical coke are readily absorbed.

Cardiff.—Collieries are fairly comfortably placed for the present owing to the arrival of delayed tonnage, but new export business is limited. Practically all classes of large coals are in excessive supply, and collieries are compelled to maintain production at a low level. There is consequently a shortage of washed smalls and sized coals, for which prices are very firm. Shipments to Italy are expected to begin shortly, and some tentative anthracite orders have already been received.

Newport.—Foreign coal shipments during October amounted to 165,000 tons compared with 135,500 tons in September, but were 45,000 tons less than in October, 1935. Dock shipments foreign and coastwise totalled 241,400 tons compared with 274,426 tons in October last year. Coal outputs have been above last year's level, as inland demand

has been fairly brisk. The transfer of the Ebbw Vale Company's collieries to Messrs. Partridge, Jones & John Paton marks an important change in the Monmouthshire coalfield.

Swansea.—The tone of the anthracite market in most sections is good. All qualities of large are in good request, and prices are firm. Sized anthracites are moving satisfactorily, and with the exception of the very inferior qualities are firmly quoted. The smaller sizes, though not so active, are quite firm, and duffs are in good demand. The steam coal market is unchanged.

East of Scotland.—In Fife the demand for first and third class steams has improved, while all classes of washed fuels, with the exception of singles, are in good demand. The position in the Lothians is slightly easier.

Glasgow.—Business is good both on home and foreign account, except in the case of household qualities for inland delivery. Tonnage is scarce at the loading ports, owing to the meagre offerings by owners in the freight market. Some producers holding considerable stocks of house coal are finding difficulty in avoiding idle time, especially as empty waggons are in short supply. In these circumstances supplies which would not otherwise be available are being offered to shippers, and some concessions in price are occasionally being made to owners guaranteeing to provide spot boats. The undertone, however, is quite steady. Steam coals are practically fully booked in Fifeshire for the remainder of this year. Demand for washed nuts is particularly keen, and all sizes are heavily sold and prices are firm.

Iron and Steel

Birmingham.—Steel works, blast furnaces and rolling mills are all extremely busy. Consumers are buying whenever possible to cover future requirements, but producers are cautious, and are only accepting a relatively small proportion of the business offered. Prices are advancing as expected, but increases are apparently frowned on for the time being by the official control.

Bristol.—There has been a slight improvement, but the percentage of unemployment is higher than in other local industries.

Sheffield.—In steel production, heavy forgings and castings practically all firms are working to capacity, and the present satisfactory state of affairs is expected to continue for some considerable time. In certain quarters there is nervousness regarding the possible effects of a shortage of Spanish ores, and it is feared that an advance in prices is inevitable. The market for basic steel scrap is dull, and large consignments of foreign material continue to arrive.

Tees-side.—Orders on hand exceed anything previously experienced, and demand in certain instances has outstripped production. There is an acute shortage of foundry iron, and makers are rationing customers. Consumption of East Coast hematite continues to expand, and another blast furnace has been rekindled to meet the enlarged requirements of the consuming trade. Steel works are exceptionally busy and difficulty is experienced in keeping pace with orders. Production of semi-finished materials is being supplemented by larger imports. Structural steel is taken up in very large tonnages, and demand for shipbuilding steel is well maintained.

Newport.—The output of pig-iron for September was 67,000 tons, compared with 69,000 tons in August and 43,000 tons in September last year. Steel output totalled 202,000 tons compared with 192,000 tons in August and 170,000 tons in September, 1935. All works continue busy.

Swansea.—The demand for tin-plate improved during October mainly owing to more activity in overseas markets. Home business was also satisfactory. Works were slightly busier, and the industry was employed at 64·97 per cent. of capacity.

Glasgow.—The iron and steel industry is busier than for many years. In spite of increased imports from the Continent and additions to furnace and mill capacity, makers are finding great difficulty in coping with the home demand. Steel is being produced in great quantities for shipbuilders, structural engineers and re-rollers, and specifications for sheets are also numerous. Demand is particularly strong for sheets for power plants at home and overseas, as well as for the making of containers, drums, furniture and panel plates. Very considerable tonnages are also being absorbed by makers of cars. The tube trade is sharing in the increased demand. Re-rollers are actively employed, and export business, which is at present

of disappointing volume, should expand when the Cartel Agreement begins to function. All qualities of pig-iron are in active demand, and the output of the fifteen furnaces in blast in Scotland is being readily absorbed.

Engineering

Birmingham.—Production is high in both the heavy and light sections. The Government programme is providing increased employment. Firms producing parts for motor-cars and aeroplanes are very busy, and some overtime is being worked. The demand for small castings is increasing, the tube trade remains busy, and electrical engineers are well employed.

Bristol.—The demand for skilled labour in the aircraft and heavy motor engineering sections has continued, and the improvement in the marine engineering section is maintained. There was a slight increase in unemployment in the building industry, partly due to a temporary stoppage of work on one of the large contracts now being carried out, but the present position compares very favourably with that of a year ago.

Coventry.—Very active conditions prevail in the general engineering trade. Motor car, motor-cycle and pedal-cycle makers are fully employed, and the recent Motor-Cycle and Cycle Show has proved most successful.

Leeds.—Improved conditions continue to prevail.

Leicester.—Machine-tool makers are working under very heavy pressure, as a result of both the general engineering demand, and Government orders in connection with aircraft manufacture. Export trade is moderate. There is still a great demand for skilled labour. The building trade continues busy and unemployment is practically negligible.

Sheffield.—The general engineering trades are well employed, and prosperity is assured for some considerable time ahead. There is a definite shortage of skilled labour. All branches of the tool trade are also prosperous. Certain export markets, including Italy and Spain, are lost for the moment, but this loss has been counteracted by increased demand from other quarters.

Wolverhampton.—Engineering firms are maintaining good business, and the position of the heavy branch is now satisfactory.

The motor and cycle trades continue satisfactory. Production is about to start in the new ball-bearing factory, which, it is expected, will ultimately find employment for 2,000 hands. The electrical industry is active in all branches. Considerable work in connection with the rearmament programme has added to the increased activity.

Glasgow.—The Scottish shipbuilding industry is making steady progress. The twenty-two Clyde yards are now all engaged on some work, and within the past few weeks orders for no fewer than 30 new ships have been placed. Orders for cargo vessels have shown a marked improvement. Owing to the recent rush of work steel supplies are difficult to obtain, and the shortage of skilled labour is also causing some concern. At the annual meeting of a shipbuilding and engineering company the chairman stated that it was to be hoped that should the scarcity of skilled labour become a serious menace, the services of unskilled men might be temporarily utilised in certain directions. Marine engineers are busy, reflecting the growing activity at the shipyards.

Metal and Hardware Trades

Birmingham.—The cold rolled brass and copper section is very busy, and prices are on the upward grade. The hollow-ware trade is very well employed, and demand for hardware is improving. There is some shortage of female labour.

Sheffield.—The cutlery trade is very busy on Christmas orders. All sections are well employed, and prices tend to harden. The manufacture of special coronation novelty lines has been providing more employment. The sterling silver and E.P.N.S. sections also report increased activity.

Wolverhampton.—Trade is particularly good in the lock industry, and hardware generally is in good demand. The edge tool trade has improved.

Chemicals

Home trade was fairly satisfactory during October. Wood distillation products were generally good, and industrial chemicals were steady. Most sections of the coal-tar products market were steady, but business was restricted by a shortage of prompt supplies, and there was not much interest in the

heavy products. Pharmaceutical chemicals were about normal. Both imports and exports showed a decrease compared with a year ago.

Cotton

Liverpool.—The demand for actual cotton has been maintained throughout the month, and deliveries generally are well above the averages for previous years. The consumption of American cotton from August 1st to November 6th was 418,000 bales more than for the corresponding period of last year. Much of this increase is accounted for by record forwardings to United States mills. Lancashire is also taking larger quantities, but Continental and Oriental countries are showing a preference for the cheaper "outside" growths. The "futures" market has remained steady throughout the month, with the exception of sakellaridis. In this section F.G.F. values have fluctuated violently, although prices show little change on balance. Since September the premium over Egyptian Uppers had risen by some 150 points, and was attributed to the shortage of actual cotton tenderable against the sakellaridis contract, and the attendant speculation on the future position. The acreage under sakels has fallen considerably in favour of other long staple varieties, particularly Giza 7, but trading is being hindered by the contract difficulties.

Wool

Bradford.—A further all-round advance in the price of wool is taking place in all the primary markets, and owing to the scarcity of supply the output of the combs is taken up immediately. Yarn prices have advanced in sympathy.

Huddersfield.—The wool mills continue to be very busy, and in many cases machinery is running with day and night shifts. Activity is chiefly centred in the cheaper cloths, but there is some improvement in the demand for fine worsteds. The brighter suitings which are being shown by the worsted manufacturers have been well received.

Hawick.—The outlook for the Border tweed trade is better than for some time past, and although only a few of the mills are fully employed more orders are coming to hand. The

hosiery trade continues active, and there is a sustained and urgent demand for knitted woollen goods for outer wear. Spinners and dyers are rather better employed. The high level which wool prices have reached during the past few months is being maintained.

Other Textiles

Dundee.—The jute market has been adversely affected by a disconcerting weakness in the raw jute market in Calcutta. Buyers are consequently unwilling to place their orders at present, and current business is for small quantities with early delivery. No decision has been reached in the wages dispute, and the matter is still under consideration.

Dunfermline.—The Fifeshire linen trade is active and strong especially in the heavy section, and manufacturers are now in a position to stipulate for prices commensurate with the increasing cost of the raw material. Wet spun yarns are quiet, but business in dry spun yarns is fair.

Clothing, Leather and Boots

Bristol.—There has been a substantial improvement in the clothing trade, and although this is to a certain extent seasonal, the position compares very favourably with that of last year. Employment in the boot and shoe industry has been fairly satisfactory.

Leeds.—The clothing trade continues very well employed, and there is some difficulty in obtaining capable hands.

Leicester.—Home trade in boots and shoes is normal for the time of year, and the export market shows a slight improvement. Increased activity on the part of buyers would be welcomed, to give confidence for the coming months. The trade is at present working at about three-quarters of its full capacity. Conditions in the women's hose and fancy hosiery trade are good, but imports during September again showed an increase over a year ago.

Northampton.—Trade in boots and shoes continues quiet. Many factories are working full time, but individual orders are of small dimensions. The leather market is firm in all sections, but buyers are holding off where possible.

Shipping

Bristol.—Arrivals of vessels and the volume of imports were normal during November. Imports have been generally representative of the normal traffic of the port, but timber and wood pulp have shown the largest increases. Stocks in the warehouses have increased by more than 50 per cent. during the month.

Hull.—There is only a moderate demand for tonnage. Rates, however, are higher in all directions.

Liverpool.—More activity has ruled in outward coal chartering, and rates remain at recent levels. The River Plate homewards continues to take tonnage at scheduled rates. No new feature is noticeable from North and South Pacific ports, or from the Gulf and Atlantic-America. Demand is limited and rates show no change. Elsewhere conditions remain quiet.

Newcastle-upon-Tyne.—The Baltic market is very firm. There is a good demand for the Bay. The Mediterranean is quiet, but steady on a basis of 7s. 9d. Alexandria.

Southampton.—The amount of shipping tonnage which entered the Docks during the first ten months of this year aggregated 15,954,016 tons gross, an increase of 428,724 tons over the corresponding period of 1935. There is now every indication that 1936 will improve upon the record figures of 1935, when 17,991,539 tons of shipping were accommodated. Seasonal importations of timber have been particularly heavy this year, the total tonnage discharged exceeding that for any previous year. Increased shipments from the Baltic and Kara Seas have been principally responsible for this satisfactory position in the trade. Although ocean passenger traffic normally reveals a big falling off in October, movements through Southampton this year were maintained at a higher level than for a number of years past. Comparison with the October, 1935, figures shows a substantial advance of 24 per cent.

Newport.—Freights have definitely improved in all directions, and shipping has been absorbed to a much better extent than for several years. Laid-up shipping has practically disappeared, and orders given for new tonnage reflect greater confidence in the future. Unfortunately a diminishing proportion of this new tonnage is coal-driven.

Swansea.—Although the volume of business offered has been small, owners have been inclined to hold off, owing perhaps in some measure to the recent bad weather. Rates are consequently very firm for all coasting directions and for the Bay. Practically no business is offered for the Mediterranean.

East of Scotland.—There were over twenty vessels on loading turn at the Forth coaling ports at mid-November, half of them being at Methil. At the port of Leith the volume of trade for October, apart from coal shipments, compared favourably with the same month last year, imports of grain and wood in particular showing substantial increases. The freight market has been steady, but chartering is slow owing to the absence of prompt tonnage.

Glasgow.—Owing to the scarcity of c.i.f. orders for coal, the demand for tonnage is still restricted, and business is on a small scale in all sections of the freight market. Charterers are chiefly interested in boats for the Baltic, principally Danish and Finnish ports. Owners are nevertheless not offering freely and rates are therefore very firm. A few orders are quoting for the Bay, which is also firm, but the Mediterranean is quiet and easy, and the coasting section is at a standstill.

Foodstuffs

Bristol.—The position is satisfactory, and is expected to remain so for some time.

Liverpool, grain.—Trading in wheat was quiet throughout November, selling pressure of new crop grain from Australia and Argentine causing a moderate decline in prices. Shipments during the last fortnight were particularly heavy, but the market has developed a steady tone on renewed Continental purchases of foreign wheat. English millers evince little interest, but France, consequent upon the failure of native supplies and the disappointing North African harvest, is buying fair quantities of Canadian durum. A revision of the world wheat requirements for the current season seems to be in prospect, since Italy has become a big importer of Argentine wheat, and Germany has unexpectedly entered the market as a purchaser of Manitoba wheat. December "futures" closed on November 19th at 8s. 0⅛d. per cental. The price of yellow

La Plata maize has fallen during the month by approximately 1s. 6d. per quarter to 20s. 10d.

Liverpool, provisions.—During November Continental bacon continued firm with supplies well cleared on arrival. American hams were steady with stocks reduced. Lard prices have been maintained with demand only moderate, and butter has been very firm with supplies on the short side, the position easing a little at the close. Cheese has advanced in price and continues very firm. There has been a good demand for canned meats, while fruits have been a quiet market at unchanged prices.

Fishing

Brixham.—Landings of all classes of wet fish improved during October. Prices of prime fish were up to average. Ray is still high in price and has been fetching £4 15s. per kit. Some classes of second-grade fish are still low in price owing to the operation of the French quota.

Hull.—The quantity of wet fish landed at Hull by British-owned vessels direct from the Deep Sea Fisheries during October was 465,689 cwt., having a first-hand value of £305,009. This compares with 495,178 cwt. and £298,821 value in October last year. Cod again constituted a large percentage of the total landings, at 280,665 cwt. Haddocks were second with over 70,495 cwt. and coalfish third at 19,519 cwt. Although there was a decrease in landings, the values were higher than in October last year. Prices have fallen heavily during November, and much fish has found its way to the fish meal factories, as sellers have been unable to find a market.

Penzance.—Fishing has been confined to lining in the shoal waters. Trips have been fair with rays a good demand, and boats have earned from £50 to £15. The change-over to herring nets was made in mid-November.

Scotland.—Many drifters have now returned from the herring fishing at East Anglia. The settlement of accounts shows that results were generally slightly better than a year ago. Numerous losses of gear owing to stormy weather are reported. The average gross earnings are estimated at £500 to £600 for motor boats and £700 to £800 for drifters. The

line fishing round the coast has been handicapped by unsettled and stormy weather, and the lighter landings have met a good demand.

Other Industries

Paper-making and Printing.—Bristol reports that employment continues to be very satisfactory. Leicester reports an all-round improvement in the printing trade. There is no unemployment, and conditions are better than a year ago. Firmer conditions prevail in the Edinburgh paper-making trade. Rates have been increased with the rising costs of the raw material, owing to troubles in Spain and elsewhere. The printing trade continues very busy. Orders from the South for book-printing have been numerous, and commercial work has also increased.

Pottery.—Longton reports that exports during October showed a considerable increase over last year, the largest increase being in earthenware. Imports of foreign pottery and clay products remained about the same, but those of foreign china increased during October. Imports of glazed tiles, however, decreased owing to the tariff increase. Home trade is active with Christmas and coronation orders.

Timber.—Hull reports that imports of timber this season are expected to break all previous records. There has been a firm demand, and stocks have been received from all the supply areas. Good business has been done in British Columbian pine. Prices asked for next year are thought to be too high, and importers are hanging back on that account. There has been much confusion at the docks, and vessels have had to wait for unloading berths.

Pitwood imports at Newport during October totalled only 2,348 fathoms, compared with 3,089 fathoms in September. Other timber imports amounted to 1,819 standards, compared with 3,286 standards in September, and 2,492 standards a year ago.

Overseas Reports

Australia

From the National Bank of Australasia Limited

Rural production prospects have been enhanced by good rains in the south-eastern portion, and the wheat harvest estimate is 130 million bushels. Butter production is restricted by drought conditions in the coastal districts of New South Wales and Queensland. The improved markets in primary products should stimulate internal trade and industry, and also lead to a favourable balance of payments and additions to funds held in London. Overseas trade is expanding. Imports for twelve months total £88 millions sterling, and exports £110 millions sterling. Employment has made a further improvement, but there are indications of easing in some quarters, possibly owing to broken weather conditions. The Stock Exchange is buoyant in Industrials and Barriers. A new Government Loan of £7½ millions has been arranged, to yield £3 19s. 4d. per cent. A later cable states that useful rains fell in the second half of November in Victoria, South Australia, and Tasmania, and the drought in the south-eastern division of Queensland has been broken. Wheat prices have been maintained and the export market is more active. Wool is selling freely and prices show a firm tendency. Industrial and other shares have shown further advances.

Canada

From the Imperial Bank of Canada

The general autumn expansion, particularly in manufacturing and lumbering, has resulted in a substantial increase in employment, the index standing at 110, or the highest point since November, 1930. At the same time, despite the plans of the Employment Commission, there has been no corresponding reduction in relief expenditure. Commodity prices are now higher than at any time since 1930, and the general business index is about 15 per cent. above a year ago. Foreign trade continues to grow in volume. New Trading Agreements have been concluded, the latest being with Germany. Consumption of electrical power is still increasing, and the surplus supply generated in the Province of Quebec may now find a market either in Ontario or in the United States. The wheat crop is being satisfactorily marketed, and there is little fear of the Government being called upon to fulfil its guaranteed price.

The available surplus has been reduced since last year by 100 million bushels, and the end of the crop year is expected to show a return to normal conditions.

India

Bombay.—The buoyancy of American cotton consequent on the Presidential election was offset by the Bureau report which estimated the crop at 12,440,000 bales—an estimate in excess of all private forecasts. In India prices are unchanged, but crop movements have become substantial except where interrupted by heavy rains. There has been some Japanese demand, but Indian mills have not been active buyers. The improvement in the piece-goods trade has continued, although checked somewhat by the ten days of the October communal riots. Conditions had more or less returned to normal by the end of the month, and the market was active with steady prices, and good clearances except in British goods. Trade in yarns has been small, and though prices are fairly steady the outlook is obscure.

A later cable states that cotton prices are steady. The piece-goods market is slack, and forward demand, both local and Japanese, is dull. Clearances are only moderate. Business in yarns is limited with prices steady and little forward interest.

Calcutta.—Trading conditions have remained very steady with an underlying feeling of optimism in nearly all markets. The raw jute market was interrupted by the annual Poojah holidays. Subsequently the tone became firmer, but buyers were inclined to hold off in spite of rising prices. Foreign demand for baled jute has been good, with much business passing at rising prices. Shipments of hessians have been extraordinarily good, and stocks have been reduced. It is feared that the Government Restriction Scheme for next year will prevent the production of a large crop, and until stocks begin to accumulate this market will be steady. The shellac market has been very steady, and shipments are expected to be heavier than last year. At the last four tea sales 112,000 packages were sold, but the quality has been uninteresting. To date 430,000 packages have been sold at an average price of 10 annas, compared with 331,000 packages at 9½ annas to the same date last year. Prices for hides and skins continue to advance. The bazaar is very active, but stocks are limited.

Rangoon.—November opened with a steady advance in prices in the rice market, and speculative transactions in New Crop have been on a fair scale, mainly on European account. There has been a small demand from Far East shippers. The European timber market has been quieter with stocks showing a tendency to increase, but recently there has been more enquiry. There is little change in the Indian market, in spite of several railway tenders. In the hardware market, the demand expected with the end of the monsoon has been slow to materialise. Money is tight, so with dealers restricting credit offtake is inevitably curtailed, but shows signs of improving. Stocks are light but adequate.

Irish Free State

Pastures promise ample keep for live-stock during the early winter. The hay crop was average in yield but poor in quality. The wheat and barley crops were below normal in both yield and quality, and the oats crop variable, but there has been some compensation for farmers in the higher prices ruling. The supply of potatoes is ample, but 10 to 15 per cent. below last year's yield, and the quality is below average. Cattle are reported to be in good health and condition, and fairs have been well supplied. Markets were well supplied with sheep and lambs. The pig market showed little change from September.

France

The adverse visible trade balance for the first ten months of this year was Frs.7,581 millions, compared with Frs.4,468 millions last year. This is due largely to a further considerable increase in imports of foodstuffs and raw materials. The trade returns are summarised below :—

	First 10 months 1935	First 10 months 1936	Difference
	Frs. mill.	Frs. mill.	Frs. mill.
Imports—			
Foodstuffs	5,091	6,069	+ 978
Raw Materials	9,222	10,589	+ 1,367
Manufactured Articles ...	2,934	3,020	+ 86
Total	17,247	19,678	+ 2,431
Exports—			
Foodstuffs	1,998	1,878	— 120
Raw Materials	3,509	3,402	— 107
Manufactured Articles ...	7,272	6,817	— 455
Total	12,779	12,097	— 682

The following table gives the trade returns for the month of October, i.e., since devaluation. It shows increases under all headings:—

	Oct., 1936	Increases compared with Oct., 1935	Sept., 1936
	Frs. mill.	Frs. mill.	Frs. mill.
Imports—			
Foodstuffs	763	+230	+137
Raw materials	1,143	+236	+223
Manufactured Articles ...	341	+ 49	+ 25
Total	2,247	+515	+385
Exports—			
Foodstuffs	260	+ 40	+ 75
Raw Materials...	398	+ 25	+ 40
Manufactured Articles ...	802	+ 43	+155
Total	1,460	+108	+270

The next table shows changes in French wholesale prices, since the devaluation of the franc at the end of September.

	Sept. 26th	Oct. 31st	Nov. 28th
General Index...	404	452	473
Home Products	451	486	504
Imported Products ...	319	391	418
Food	441	473	483
Vegetable Products ...	474	513	520
Animal Products... ...	412	439	444
Sugar, Coffee, etc. ...	434	459	486
Materials	372	434	466
Minerals	382	457	511
Textiles	288	371	395
Miscellaneous	416	457	481

During the past two months the general index number has risen by 17·1 per cent. Home products have risen in price by 11·7 per cent., and imported products by 31 per cent. This latter increase is still not equivalent to the devaluation of the franc, which theoretically postulates a 40 per cent. increase in the price of imported goods, but allowance must possibly be made for the October French tariff reductions.

The Bourse has been very active, with advances in practically all sections, particularly in Industrials and Internationals.

Le Havre.—Cotton prices have settled down and have moved within narrow limits around the level reached a month ago. The higher American crop estimate of 12,400,000 bales is tending to weigh on prices. Owing to general unsettled conditions the

mills have been less active, demand being restricted to requirements for contracts now running. Arrivals have thus mostly gone to swell stocks, which are 190,000 bales, instead of 146,000 bales a month ago.

Coffee prices have risen 20 francs on information and offers received from the leading coffee-growing countries of Central and South America, apparently inspired by the recent conference at Bogota. Deliveries to the interior have been satisfactory, apparently because of the incidence of severer weather. Stocks have been reduced from 961,000 to 889,000 sacks.

Lille.—The cotton market is active, and advancing prices have tended to stimulate and not to restrict fresh buying. The heavy demand has enabled spinners to liquidate old stocks of yarn at remunerative prices, but with the possibility of the application of the 40-hour week, replacement costs are having to be watched carefully. This applies to the whole textile industry. Mills have orders in hand for months ahead and only a shortage of skilled labour delays the re-opening of more mills. Jute prices are also rising, and mills are unable to keep up with demand. Activity in flax is less pronounced as stocks of raw material are ample, and with prices rising spinners are adopting a cautious policy as regards yarn prices. Weavers, however, are fully employed and are experiencing a shortage of skilled workers. Oil crushers and fertiliser manufacturers are unable to keep up with demand.

Roubaix.—There has been an enormous volume of trading in tops and noils recently, and prices have risen sharply. Stocks of tops have fallen since September from kilos. 12 millions to kilos. 9 millions. The astonishing demand has made it clear that there was a great shortage of wool and wool products in France. Sales in recent weeks have been larger than in any corresponding period since 1930. All manufacturing sections, except combing, are fully occupied, and the position of combers should improve in a few weeks with the arrival of the new season's wool. Spinners and manufacturers will all work full time for at least three months, but the further outlook is still uncertain, and the possible introduction of the 40-hour week is viewed with anxiety. Some of the demand now experienced is due to fears of higher prices following the introduction of shorter working hours. Yarn exports are improving, but in spite of devaluation foreign competition is still formidable.

The recent strike of coal-heavers somewhat disorganised the industry, but the Government ensured delivery of coal by the military, and the position is returning to normal.

Belgium

Antwerp.—Business has been rather quiet, but most raw material prices remain firm. Wool spinners and manufacturers are well sold forward and futures quotations have appreciated to the highest level since the devaluation of the belga in early 1935. Movement in the port shows a steady increase, and the position of industrial undertakings such as collieries, metallurgy, textiles, and glassware continues to be satisfactory. The tone of the Stock Exchange is good, and in general there is a feeling of optimism in business circles.

Brussels.—Business in the iron and steel trade is good, with foreign demand very active. Steel production for October was 290,000 tons, against 269,000 tons in September and 254,000 tons in October, 1935. The strong demand for house coal continues, and there are delays in delivery. Industrial qualities are in active demand. In spite of a production of 2,500,000 tons in October, stocks have been reduced by a further 217,000 tons and now stand at 1,500,000 tons, equivalent to about 15 days' production.

Germany

The seasonal increase in unemployment from 1,035,000 to 1,076,000 is considered small. The difficulties arising from the devaluation of the gold *bloc* currencies are being met by a move still further in the direction of self-sufficiency. State planning has been considerably extended, and recent edicts by Herr Göring, who is in control of the Four-Year Plan, are significant. They include compulsory declaration of all private building plans, control of the engaging of skilled workmen, compulsory employment of aged employees, etc. State control of imports and exports is being supplemented by extended control of prices. To avoid an increase in the disparity between German and world prices, charges for rearmament and the Four-Year Plan are not to be financed by increased short-term borrowing but by normal budget revenue. The annual tax quota, which in 1927–29 amounted to about 18–19 per cent. of the national income, and 21–23 per cent. during the

depression years 1930–32, is now estimated to amount to 24½–25 per cent. for 1936. Following on the August loan of Rm.700 millions a new long-term loan of Rm.500 millions at 4½ per cent. has been launched, of which Rm.100 millions have already been subscribed. Total long-term loans now total Rm.4 milliards. State partnerships in private enterprise taken over during the depression are now being eliminated. Thus the State-owned shares, amounting to Rm.21 millions, in the Commerz-und-Privat-Bank have been disposed of to private capitalists. The Government would appear to be content to control and not own the national economy. The improvement in the shares market has been interrupted by a sharp decline, due to a falling-off in foreign security prices following on new administrative restrictions. Imports and exports have increased slightly, the October export surplus being Rm.75 millions.

Holland

Indications of the effect of the depreciation of the guilder are being closely watched, but it is as yet too soon for anything very significant to have happened. Unemployment has diminished, but that may be a purely seasonal movement. Imports increased in October to a greater extent than exports, but comparison with last year's figures suggests that this also may simply be a seasonal movement. Wholesale prices, however, definitely show a rise. The index number of wholesale prices of foodstuffs rose from 65·8 in September to 69·5 in October (1926–1930 = 100); that of raw materials from 48·4 to 58·5; and that of manufactures from 66·1 to 71·0. The general index number rose from 62·6 to 68·2, or by 8·9 per cent. This increase is considerably less than might have been expected in view of the 26 per cent. depreciation of the guilder. This is due to the fact that there has been little change in wages or the cost of living, the latter index number having risen by only 1·6 per cent. The increase in the cost of living should continue to be limited, as the Government has still ways of checking any tendency towards an increase. The rise in the prices of farm products is also enabling the Government to reduce the amount of the various subsidies payable to agriculture, and totalling about Fl.160 millions a year. To date the subsidies have been reduced by about

Fl.32 millions. The depreciation of the guilder has been particularly advantageous to the Netherlands East Indies, where readjustments had already resulted in restoring a small margin of profit to many industries, particularly to rubber and palm oil. Existing profit margins have now been widened by depreciation, while sugar mills, coffee and tea plantations have also benefited, as is reflected in the relevant share prices. Home industrials and shipping shares have also advanced, a movement initiated by depreciation and since stimulated by easy money conditions. It is generally assumed that a considerable amount of capital has yet to return from abroad, but large sums of hoarded gold have been released, and the abundance of money is accentuated by the operations of the Exchange Equalisation Account with over Fl.100 millions of gold and Treasury paper at its disposal. The private discount rate has fallen to ⅞ per cent., and the Government has been able to issue a 3 per cent. loan for 20 years at a price of 95¾. This loan is already quoted at a premium. There have been several municipal conversion loans of 3½ per cent., and some private issues. The effects of the recent monetary changes will depend largely on the final percentage of devaluation decided upon. At present the guilder continues to ride free of gold, and the Exchange Fund is only used to prevent violent fluctuations.

Norway

The trade returns for October and for the first ten months are summarised below :—

	Oct., 1935	Sept., 1936	Oct., 1936	10 months 1935	10 months 1936
	Kr. mill.	Kr. mill.	Kr. mill.	Kr. mill.	Kr. mill.
Imports	77·7	78·8	87·0	656·9	735·6
Exports	58·8	61·8	65·0	484·1	541·6
Import surplus ...	18·9	17·0	22·0	172·8	194·0

There was another substantial reduction in Norwegian idle tonnage during October, six vessels being recommissioned. On November 1st there were 23 ships of 119,365 tons d.w. lying idle, amounting to 2·2 per cent. of Norway's foreign-going merchant fleet. This last percentage compares with one of 3·3 per cent. a month earlier.

The following table gives the September index number of industrial production (first half of 1933=100) :—

Year		Home Industries Aug.	Home Industries Sept.	Export Industries Aug.	Export Industries Sept.	All Industries Aug.	All Industries Sept.
1934	...	111	117	96	102	106	112
1935	...	112	124	95	103	106	117
1936	...	133	136	105	117	122	129

The general cost-of-living index for October 15th was returned unchanged at 155 (July, 1914=100). The wholesale price index at November 15th shows a rise of one point to 137 (1913=100). The Stock Exchange has been very optimistic, with advancing prices.

An advance sale of 10,000 tons of whale oil at £20 a ton has been made to Soviet Russia.

Sweden

With the conclusion of the auctions of State-owned timber it is confirmed that prices have risen by 25–30 per cent., compared with last autumn. The recent lack of raw materials and increased foreign prices have combined with wage-increases in the saw-mills to bring this about. Sales have been very good, and by the middle of November about 850,000 standards had been contracted for, with about 250,000 standards sold for shipment next year. Another month should leave little unsold. The English market has been less lively, the French and Belgian market dull, and Denmark cautious; but Holland has been a very keen buyer.

The chemical pulp market has been active, but sales have been held up by the rising production costs, which have not yet taken full effect. Orders are mostly for 1937 deliveries of bleached and unbleached sulphite. Little sulphate pulp remains for shipment this year, but orders for 1937 delivery have not been considerable. Dealings in chemical pulp for 1938 delivery have been few but substantial. This year's output of mechanical pulp is almost sold out. Wage agreements in the pulp industry have been prolonged with slight adjustments in favour of the workers. The paper market has been lively, and there is a considerable supply of orders on hand. There have been several increases in price.

The Swedish iron market continues to maintain its extraordinarily strong position. Work is at full capacity on both home and export trade. The failure of prices to rise is due to the import restrictions in force in many countries, and devaluation has increased the difficulties of sales to the former gold *bloc* currencies. Pig-iron prices are firm with a tendency to rise owing to the increases in production costs.

Foreign trade in October was higher than any previous month this year, the import surplus being Kr.14·5 millions. Imports for the first ten months totalled Kr.1,315·9 millions and exports Kr.1,210·0 millions, with an import surplus of Kr.105·9 millions.

Denmark

The Government has replaced the maturing Kr.65·5 millions of 4 per cent. Government Certificates of Indebtedness, by the issue of an equivalent number of 4 per cent. three-year certificates at a price of 99 per cent. Kr.60 millions were taken over by a banking consortium and re-sold by them at a price of 99½, mainly to the holders of the maturing certificates. The balance of Kr.5·5 millions were offered for sale by the State. The total funded State debt on November 9th has been returned at Kr.1,241·0 millions, against Kr.1,228·3 millions a year ago. The State further borrowed Kr.10·7 millions through an overdraft credit in order to pay for the much-criticised import of German coal, repayment of the loan is to be made out of the proceeds of the sale of the coal, but no coal will be imported for a number of years.

Certain industries have lately suffered from a lack of raw materials due to insufficient import quotas, and legislation concerning the Foreign Exchange Control Office will be considered. A barter agreement with Germany to the amount of Kr.6 millions has been arranged, and negotiations for a trade agreement for 1937 began on November 18th. A new Italo-Danish clearing agreement has been concluded, whereby Italy is conceded an export surplus with which to pay off outstanding pre-sanction debts. Difficulties have already arisen, as Italy has no obligation to buy and the fixed Italian maximum price for Danish live-stock has proved too low to be practicable, so that exports from Denmark have ceased.

The foreign exchange assets of the National Bank at the end of October were Kr.14·9 millions and liabilities Kr.32·7 millions. At mid-November they were Kr.17·2 millions and Kr.43·6 millions respectively. On November 19th the Bank rate was raised from 3½ to 4 per cent., an indication that import restrictions have proved inadequate to replenish Denmark's foreign exchange balances.

While in 1935 Denmark was an importer of sugar, the good sugar-beet harvest this year has reversed the position, and already 4 million kilogrammes have been exported.

Unemployment has risen during the past month from 58,243 to 77,431, or from 13·9 to 18·3 per cent. of all registered workers. The wholesale price index rose in October from 130 to 133. The imported goods index rose from 138 to 142, but the exported goods index fell from 156 to 155, so that these changes are on balance disadvantageous to Denmark. The freight index for October was computed at 134·9, compared with 131·2 in September and 125·3 in October, 1935. The price of butter fell from Kr.222 to Kr.209, compared with Kr.214 a month ago. Eggs are quoted at Kr.160 as against Kr.150, and bacon at Kr.162 as compared with Kr.176 a month ago.

Switzerland

From Lloyds & National Provincial Bank Limited

Government bonds have remained steady, while Genevese bonds have advanced slightly, following the recent elections, when there was a slight swing-over to the Right. Equities have consolidated their previous advance, and Swiss Bank shares have been rising since the devaluation of the franc. Money is plentiful. The important Nestlé company is proposing at the end of this month to convert itself into a holding company. Reports from the various tourist centres appear very hopeful for the winter season, and bookings are already stated to be heavy. The Swiss Federal Council has adopted the budget for 1937, expenditure being estimated at Frs.525 millions, and receipts at Frs.483 millions, leaving an estimated deficit of Frs.42 millions. Expenditure includes Frs.80 millions for debt redemption.

Morocco

From the Bank of British West Africa Limited

The devaluation of the franc has naturally disturbed business conditions in the French zone of Morocco, but despite resulting higher prices and the lower purchasing power of the people, there has been some activity. Official measures taken to check speculative increases in prices seem to have had their effect; but for Customs purposes, all invoices were augmented by 30 per cent. as from September 26th, in so far as they related to goods originating from countries other than France and her Colonies.

Useful preliminary rains have fallen but more is needed to assist ploughing. The local market for wheat is very firm and continues to be controlled. Two cargoes of imported hard wheat have arrived and more are reported to be on the way. Business in exports generally has been dull, but local prices are firm and continue to rise. The season for early vegetables has opened.

Cotton goods have been firm, although stocks are rather heavy. Provisional statistics indicate that imports of cotton piece goods up to September 30th totalled 8,444 tons, valued at just under Frs.62½ millions, and of this total Japan supplied 7,139 tons valued at just under Frs.49½ millions. England's share being 274 tons valued at Frs.3·7 millions. Green tea from China is in fair demand and prices have not risen to the extent of the devaluation, especially for higher grades.

The total imports into French Morocco for the first six months of this year are provisionally returned at Frs.597·4 millions, and total exports Frs.339·7 millions.

The United States

At the election roughly 26 million electors voted for Mr. Roosevelt and 16 million for Mr. Landon. In the Senate the Democratic majority will be slightly strengthened, while in the House of Representatives the Democrats will outnumber the Republicans by about three to one. Some intensification of "New Deal" policies may thus be expected, particularly as regards such measures as are favourable to labour.

Trade is steadily improving. Automobile production in 1937 is expected to be surprisingly heavy, and with a growing

demand for luxuries retail traders are anticipating a profitable Christmas business. Substantial rises in security and commodity prices have followed the election. With wage increases in the steel trade announced, with a marine strike on both East and West Coasts, and with other strikes threatened, general wage increases are expected which, it is argued, must increase the cost of living.

Commercial failures continue to diminish. Brokers' loans increased slightly in October to $975 millions, and the average price of all shares listed on the New York Stock Exchange rose from $40·88 to $43·36. Money rates continue easy. Mr. Roosevelt's re-election has allayed uncertainties in the sugar market as to the continuance of quota and trade conditions, and the market has strengthened. The crude rubber market has a firm undertone, and there is some speculative interest in view of the depletion of stocks. European demand has broken down the home resistance to any increase in copper prices, and the home price rose in November to 10½ cents per lb. Prominent producers are now mainly concerned to prevent too rapid an increase in prices.

The number of furnaces in blast on November 1st increased to 160. October output of pig-iron is estimated at 2,992,968 tons, a daily average of 96,547 tons against 91,010 tons in September, and there is a possibility of an actual shortage of iron. The steel trade is very active.

There was some speculation in cotton futures, but with a broader price-range than usual. The report of the Department of Agriculture issued on November 9th forecasted a crop of 12,400,000 bales, or a very large increase over previous unofficial estimates, but in spite of some selling there was only a small decline in prices. Home sales of cotton cloth have recently fallen away a little, but they are still keeping pace with current production.

South America

From the Bank of London & South America Limited

Argentina.—The condition of the wheat, linseed and oats crops are very good. Maize sowing has been concluded, and recent rains have favoured sprouting everywhere. Since June there has been a marked improvement in Argentina's export

trade, and the export surplus is now higher than in 1935. The following table shows the latest trade returns, in "real" or "market" values :—

		Imports Pes. mill.	Exports Pes. mill.	Export Surplus Pes. mill.
Jan.-Oct., 1935	...	987	1,332	345
Jan.-Oct., 1936	...	921	1,288	366

Imports from the United Kingdom in 1936 to date were 199·9 million pesos. Those from the United States were 140 million pesos and those from Germany were 90 million pesos. Imports from the United Kingdom showed little change from 1935, but there were increases in United States and German imports. The foreign exchange position is much better, and the "free" exchange rate has recently strengthened.

Brazil.—The preliminary trade returns for the first nine months are as follows :—

		Imports	Exports	Export Surplus
			thousands of contos	
Jan.-Sept., 1935	...	2,782	2,985	203
Jan.-Sept., 1936	...	3,139	3,537	398

There has been a definite expansion in Brazil's exports of raw cotton, which have risen from 106,500 tons in 1935 to 153,640 tons in 1936, the period covered being the first nine months of each year. Great Britain was the chief purchaser, followed closely by Japan, with Germany a long way behind.

Chile.—The Exchange Control Commission has issued a list of luxury articles, the importation of which is only permitted provided that the prior authorisation of the Commission is obtained and that the goods are paid for with "gold exchange," i.e., exchange obtained against national gold, washed or mined, deposited with the central bank in Chile. The basic fixed rate of exchange for these transactions is now 35 paper pesos per U.S. dollar, or at a premium of about 34½ per cent. over the rate fixed for ordinary approved articles. The trade returns for the first nine months of the past two years are as follows :—

		Imports	Exports	Export surplus
			Pesos millions (each of 6d. gold)	
Jan.-Sept., 1935	...	216	355	139
Jan.-Sept., 1936	...	257	416	159

It is difficult to relate these returns to Chile's exchange position, as part of Chile's external trade is financed by means

of compensation agreements with Germany and other countries. In particular there has this year been a marked expansion in Chile's trade with Germany.

Uruguay.—The wool market has been very active, and this has created abundant supplies of foreign exchange available to the " free controlled " market. Beneficial rains have fallen, and lands are well grassed. Reports of the condition of livestock are mostly favourable.

Japan

A cabled report at the end of November states that stringency persists in the money market. Bank advances are increasing at a faster rate than deposits. Government bonds are weak and the stock market lacks vigour, but business activity as a whole remains on a high level. Exports for the month of October were the highest of the year. Production, bank clearings and railway traffics continue to show advances. The second rice crop forecast has confirmed earlier reports that this is to be a bumper year, and harvest prospects have improved. Cereal prices are falling, but textiles are rising. Silk is at the highest price for the year.

Statistics

BANK OF ENGLAND

Issue Department

	Note Circulation.	Govt. Debt.	Other Govt. Securities.	Other Securities.	Silver Coin.	Fiduciary Issue.	Gold.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
End March, 1931	357·1	11·0	232·0	12·9	4·0	260·0	144·5
„ „ 1932	360·5	11·0	240·9	19·3	3·8	275·0	120·8
„ „ 1933	367·1	11·0	249·9	10·5	3·6	275·0	171·8
„ „ 1934	378·8	11·0	245·4	0·1	3·5	260·0	191·1
„ „ 1935	381·4	11·0	246·7	0·2	2·1	260·0	192·5
„ „ 1936	406·5	11·0	246·5	1·5	1·0	260·0	200·6
Nov. 18, 1936	444·9	11·0	247·1	1·8	—	260·0	248·7
Nov. 25, 1936	445·6	11·0	247·1	1·8	—	260·0	248·7

Banking Department

	Public Deposits.	Bankers' Deposits.	Other Deposits.	Govt. Securities.	Discounts and Advances.	Other Securities.	Reserve.	Proportion.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	%
End March, 1931	17·2	58·8	34·7	30·3	24·6	25·7	48·3	43·6
„ „ 1932	27·2	54·6	34·4	35·7	11·7	51·1	35·9	30·9
„ „ 1933	21·2	92·8	35·0	57·7	11·8	17·2	80·6	54·0
„ „ 1934	17·5	94·5	36·9	77·1	5·6	11·0	73·4	49·2
„ „ 1935	20·1	96·6	41·2	87·6	5·6	11·4	71·7	45·3
„ „ 1936	18·0	83·6	37·0	80·3	5·0	16·7	54·9	39·6
Nov. 18, 1936	14·1	96·1	44·7	79·0	7·4	21·7	64·6	41·7
Nov. 25, 1936	12·1	97·6	41·7	78·2	6·8	20·4	63·8	42·1

LONDON CLEARING BANKS (Monthly averages)

	Deposits.	Acceptances, Guarantees, etc.	Cash	Balances and Cheques.	Call Money.	Bills.	Investments.	Advances.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
March, 1931	1,763·9	121·5	184·0	43·5	114·1	240·4	311·1	936·1
„ 1932	1,676·4	98·7	174·0	43·4	112·5	216·8	281·9	902·1
„ 1933	1,925·2	95·8	207·0	40·1	108·7	348·1	510·2	766·2
„ 1934	1,830·6	112·8	218·9	43·5	120·4	202·1	547·1	753·0
„ 1935	1,923·3	117·7	214·0	43·6	133·4	207·0	614·4	766·8
„ 1936*	2,108·3	105·2	216·7	53·8	162·4	252·0	635·1	849·2
Sept., 1936*	2,256·6	102·0	229·4	52·9	166·4	343·6	648·1	877·3
Oct., 1936*	2,280·4	103·1	226·9	56·6	164·1	350·7	655·4	887·9

* Includes the District Bank.

LONDON BANKERS' CLEARING HOUSE RETURNS

	Town Clearing	Metropolitan Clearing	Country Clearing	Total
	£ mn.	£ mn.	£ mn.	£ mn.
1930	38,782	1,812	2,964	43,558
1931	31,816	1,668	2,752	36,236
1932	27,834	1,610	2,668	32,112
1933	27,715	1,657	2,766	32,138
1934	30,740	1,760	2,984	35,484
1935	32,444	1,887	3,229	37,560
1935 to Nov.	29,237	1,707	2,926	33,870
1936 to Nov.	31,162	1,834	3,183	36,179
1935, Nov. (4 weeks) ...	2,438	147	259	2,844
1936, Nov. (4 weeks) ...	2,881	165	291	3,337

BANKERS' PROVINCIAL CLEARING RETURNS

	Mar., 1929	Mar., 1932	Mar., 1933	Mar., 1934	Mar., 1935	Mar., 1936	Sept., 1936	Oct., 1936
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Birmingham	11·9	9·0	9·7	11·3	9·6	10·7	10·4	12·3
Bradford	5·9	3·4	3·3	4·2	3·8	4·7	3·9	4·7
Bristol	5·3	4·9	5·0	5·4	4·9	5·5	5·5	6·1
Hull	4·0	3·0	3·2	3·2	3·2	3·4	3·5	3·9
Leeds...	4·4	3·8	3·8	4·4	4·3	3·9	3·7	4·4
Leicester	3·6	3·1	3·1	3·3	2·8	3·1	3·0	3·4
Liverpool	34·2	25·6	25·6	26·8	25·8	27·5	25·8	30·5
Manchester	58·0	42·5	42·1	46·1	42·8	44·9	42·5	50·2
Newcastle-on-Tyne...	6·5	5·7	6·5	6·9	5·5	5·7	5·4	6·3
Nottingham	2·8	1·9	1·9	2·0	2·0	2·1	1·9	2·4
Sheffield	4·6	3·3	3·5	3·6	3·4	4·3	4·0	4·7
	141·2	106·2	107·7	117·2	108·1	115·8	109·6	128·9

LONDON AND NEW YORK MONEY RATES

	London.					New York.		
	Bank Rate.	Treasury Bills. Tender Rate.	Treasury Bills. Market Rate.	3 Months' Bank Bills.	Short Loans.	F.R.B. Re-discount Rate.	Call Money.	Accept-ances.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
End March, 1931	3	$2\frac{17}{32}$	$2\frac{9}{16}$–$2\frac{5}{8}$	$2\frac{9}{16}$–$2\frac{5}{8}$	2–$2\frac{1}{2}$	2	$1\frac{1}{2}$	$1\frac{5}{8}$
" " 1932	$3\frac{1}{2}$	$2\frac{5}{32}$	$1\frac{7}{8}$	$2\frac{5}{8}$–$2\frac{3}{4}$	2–3	3	$2\frac{1}{2}$	$2\frac{1}{2}$
" " 1933	2	$\frac{15}{32}$	$\frac{9}{16}$–$\frac{5}{8}$	$\frac{5}{8}$	$\frac{1}{2}$–1	$3\frac{1}{2}$	3	$2\frac{1}{4}$
" " 1934	2	$\frac{27}{32}$	$\frac{7}{8}$	$\frac{15}{16}$	$\frac{1}{2}$–1	$1\frac{1}{2}$	1	$\frac{1}{2}$
" " 1935	2	$\frac{1}{2}$	$\frac{1}{2}$–$\frac{17}{32}$	$\frac{9}{16}$–$\frac{5}{8}$	$\frac{1}{2}$–1	$1\frac{1}{2}$	1	$\frac{3}{16}$
" " 1936	2	$\frac{17}{32}$	$\frac{1}{2}$	$\frac{17}{32}$–$\frac{9}{16}$	$\frac{1}{2}$–1	$1\frac{1}{2}$	$\frac{3}{4}$	$\frac{3}{16}$
Sept. 30th, 1936	2	$\frac{17}{32}$	$\frac{1}{2}$	$\frac{9}{16}$	$\frac{1}{2}$–1	$1\frac{1}{2}$	1	$\frac{3}{16}$
Nov. 25th, 1936	2	$\frac{9}{16}$	$\frac{1}{2}$	$\frac{9}{16}$	$\frac{1}{2}$–1	$1\frac{1}{2}$	$\frac{3}{4}$	$\frac{3}{16}$

FOREIGN EXCHANGES

London on	1934	1935	1936				
	Nov. 28	Nov. 27	Oct. 28	Nov. 4	Nov. 11	Nov. 18	Nov. 25
New York—							
(a) Spot ...	$4{\cdot}98\frac{1}{8}$	$4{\cdot}93\frac{15}{16}$	$4{\cdot}89\frac{1}{4}$	$4{\cdot}88\frac{7}{8}$	$4{\cdot}88\frac{1}{16}$	$4{\cdot}88\frac{7}{8}$	$4{\cdot}89\frac{3}{8}$
(b) 3 months	$\frac{1}{8}$ c. dis.	$1\frac{1}{16}$c. pm.	$\frac{11}{16}$c. pm.	$\frac{13}{16}$c. pm.	$\frac{3}{4}$c. pm.	$\frac{11}{16}$c. pm.	$\frac{17}{32}$c. pm.
Montreal ...	$4{\cdot}86\frac{1}{8}$	$4{\cdot}98\frac{3}{8}$	$4{\cdot}88\frac{7}{8}$	$4{\cdot}88\frac{5}{8}$	$4{\cdot}87\frac{3}{4}$	$4{\cdot}88\frac{1}{8}$	$4{\cdot}88\frac{5}{8}$
Paris—							
(a) Spot ...	$75\frac{13}{16}$	$75\frac{1}{32}$	$105\frac{1}{8}$	$105\frac{5}{32}$	$105\frac{5}{32}$	$105\frac{1}{8}$	$105\frac{1}{4}$
(b) 3 months	9c. dis.	Fr.$2\frac{9}{16}$ dis.	Fr.$1\frac{1}{2}$ dis.	Fr.$1\frac{3}{4}$ dis.	Fr.$3\frac{5}{32}$ dis.	Fr.2 dis.	Fr.$1\frac{5}{8}$ dis.
Berlin—							
(a) Official ...	12·41	$12{\cdot}27\frac{1}{2}$	$12{\cdot}16\frac{1}{2}$	$12{\cdot}15\frac{1}{2}$	$12{\cdot}13\frac{1}{2}$	$12{\cdot}14\frac{1}{2}$	$12{\cdot}17\frac{1}{2}$
(b) Registered Marks	$43\frac{1}{8}$% dis.	$47\frac{1}{2}$% dis.	$48\frac{1}{4}$% dis.	$47\frac{3}{4}$% dis.	$47\frac{3}{8}$% dis.	$48\frac{1}{4}$% dis.	$49\frac{3}{8}$% dis.
Amsterdam ...	7·38	$7{\cdot}29\frac{3}{4}$	9·05	$9{\cdot}06\frac{3}{4}$	$9{\cdot}06\frac{3}{4}$	$9{\cdot}04\frac{3}{4}$	9·03
Brussels ...	21·38	29·21	$29{\cdot}04\frac{1}{2}$	$28{\cdot}94\frac{1}{2}$	$28{\cdot}84\frac{1}{2}$	28·91	$28{\cdot}96\frac{1}{2}$
Milan	$58\frac{7}{16}$	—	$92\frac{7}{8}$	$92\frac{7}{8}$	$92\frac{23}{32}$	$92\frac{13}{16}$	93
Zurich ...	15·38	15·29	$21{\cdot}28\frac{3}{4}$	$21{\cdot}27\frac{3}{4}$	21·23	$21{\cdot}26\frac{1}{2}$	$21{\cdot}30\frac{1}{2}$
Stockholm ...	$19{\cdot}39\frac{1}{2}$	$19{\cdot}39\frac{1}{2}$	$19{\cdot}39\frac{1}{2}$	$19{\cdot}39\frac{1}{2}$	$19{\cdot}39\frac{1}{2}$	$19{\cdot}39\frac{1}{2}$	$19{\cdot}39\frac{1}{2}$
Madrid ...	$36\frac{1}{8}$	$36\frac{5}{16}$	n. q.	n. q.	n. q.	n. q.	$56\frac{3}{8}$*
Vienna... ...	27*	$26\frac{1}{4}$	$26\frac{1}{8}$	$26\frac{1}{8}$	$26\frac{1}{4}$	$26\frac{1}{8}$	$26\frac{1}{4}$
Prague... ...	$119\frac{5}{16}$	$119\frac{7}{16}$	$138\frac{1}{4}$	$138\frac{1}{8}$	$137\frac{15}{16}$	$138\frac{1}{4}$	$138\frac{3}{8}$
Buenos Aires—							
(a) Export ...	15	15	15	15	15	15	15
(b) Import ...	17·10	17·02	17	17	17	17	17
(c) Free ...	19·79	17·98	17·58	17·55	17·55	17·55	17·55
Rio de Janeiro—							
(a) Official ...	$4\frac{1}{16}$d.	$4\frac{1}{8}$d.	$4\frac{1}{4}$d.	$4\frac{1}{4}$d.	$4\frac{1}{4}$d.	$4\frac{1}{4}$d.	$4\frac{1}{4}$d.
(b) Free ...	$3\frac{21}{32}$d.	$2\frac{13}{16}$d.	$2\frac{7}{8}$d.	$2\frac{7}{8}$d.	$2\frac{7}{8}$d.	$2\frac{7}{8}$d.	$2\frac{7}{8}$d.
Valparaiso ...	48·80†	125*	$131\frac{1}{2}$*	$131\frac{1}{2}$*	$131\frac{1}{2}$*	$131\frac{1}{2}$*	$131\frac{1}{2}$*
Bombay ...	$18\frac{1}{16}$d.	$18\frac{1}{8}$d.	$18\frac{1}{2}$d.	$18\frac{1}{2}$d.	$18\frac{1}{2}$d.	$18\frac{1}{2}$d.	$18\frac{1}{2}$d.
Hong Kong ...	$20\frac{1}{8}$d.	$17\frac{5}{8}$d.	$14\frac{7}{8}$d.	$14\frac{7}{8}$d.	15d.	15d.	$14\frac{7}{8}$d.
Kobe	1/2	1/2	$1/2\frac{1}{32}$	$1/2\frac{1}{32}$	$1/2\frac{1}{32}$	$1/2\frac{1}{32}$	$1/2\frac{1}{32}$
Shanghai ...	$16\frac{1}{8}$d.	$14\frac{5}{16}$d.	$14\frac{7}{16}$d.	$14\frac{7}{16}$d.	$14\frac{1}{2}$d.	$14\frac{1}{2}$d.	$14\frac{1}{2}$d.
Gold price ...	139s. $7\frac{1}{2}$d.	140s. 11d.	142s. 2d.	142s. $2\frac{1}{2}$d.	142s. $5\frac{1}{2}$d.	142s. 3d.	142s. 1d.
Silver price ...	$24\frac{3}{8}$d.	$29\frac{5}{16}$d.	$20\frac{1}{4}$d.	$20\frac{3}{8}$d.	$22\frac{7}{16}$d.	$21\frac{1}{8}$d.	$21\frac{1}{16}$d.

* Nominal. † Official rate. n. q.—No quotation.

PUBLIC REVENUE AND EXPENDITURE

	1932–33.	1933–34.	1934–35.	1935–36.	1935–36 to Nov. 30	1936–37 to Nov. 28
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
REVENUE—						
Income Tax	251·5	228·9	228·9	238·1	74·1	70·6
Sur-Tax	60·7	52·6	51·2	51·0	7·5	7·3
Estate Duties...	77·1	85·3	81·3	87·9	58·3	54·9
Stamps	19·2	22·7	24·1	25·8	12·9	15·1
Customs	167·2	179·2	185·1	196·6	132·8	140·7
Excise	120·9	107·0	104·6	106·7	73·3	73·7
Motor Vehicles Duties (Exchequer Share) ...	5·0	5·2	5·1	5·0	1·5	1·7
Other Tax Revenue	3·1	2·6	3·1	2·1	0.1	0·1
Total Tax Revenue	704·7	683·5	683·4	713·2	360·5	364·1
Post Office	10·9	13·1	12·2	11·7	11·1	10·9
Crown Lands...	1·2	1·2	1·3	1·4	1·0	1·0
Receipts from Sundry Loans	5·1	4·7	4·4	4·9	3·3	3·4
Miscellaneous Receipts ...	22·9	22·1	15·1	21·7	16·1	14·3
Total Non-Tax Revenue ...	40·1	41·1	33·0	39·7	31·5	29·6
Total Ordinary Revenue ...	744·8	724·6	716·4	752·9	392·0	393·7
Post Office	59·3	59·3	61·8	66·1	41·0	43·8
Road Fund	22·9	25·5	26·4	25·8	9·0	9·4
Total Self-balancing Revenue ...	82·2	84·8	88·2	91·9	50·0	53·2
EXPENDITURE—						
National Debt Interest ...	262·3	212·9	211·6	211·5	143·8	143·6
Payments to N. Ireland ...	7·0	6·6	6·8	7·2	3·5	4·2
Other Cons. Fund Services ...	3·3	4·1	3·6	5·7	2·1	1·5
Post Office Fund	—	—	2·3	1·1	1·1	0·4
Supply Services	458·3	458·8	472·2	512·0	319·6	342·3
Total Ordinary Expenditure ...	730·9	682·4	696·5	737·5	470·1	492·0
Sinking Fund	17·2	7·7	12·3	12·5	—	—
Payments to U.S. Govt. ...	29·0	3·3	—	—	—	—
Self-balancing Expenditure (As per contra)	82·2	84·8	88·2	91·9	50·0	53·2

PRODUCTION

	Coal	Pig-Iron	Steel
	Tons mill.	Tons thous.	Tons thous.
Total 1913	287·4	10,260	7,664
„ 1925	243·2	6,262	7,385
„ 1929	257·9	7,589	9,636
„ 1930	243·9	6,192	7,326
„ 1931	219·5	3,773	5,203
„ 1932	208·7	3,574	5,261
„ 1933	207·1	4,136	7,024
„ 1934	221·0	5,969	8,850
„ 1935	222·9	6,426	9,842
Total to October, 1935	183·0	5,338	8,128
Total to October, 1936	188·7	6,371	9,685

BOARD OF TRADE PRODUCTION INDEX NUMBER (1930 = 100)

	Complete Year		1935		1936		
	1934.	1935.	3rd Qr.	4th Qr.	1st Qr.	2nd Qr.	3rd Qr.
Mines and Quarries	90·8	91·7	85·8	98·1	100·5	88·4	89·6
Iron and Steel...	115·7	125·6	124·1	133·3	146·2	149·5	149·1
Non-Ferrous Metals	122·7	137·3	136·6	132·1	134·8	140·9	145·3
Engineering and Shipbuilding	94·0	104·8	102·2	108·0	115·3	120·3	118·8
Building Materials and Building	133·4	147·0	153·5	150·2	148·8	157·8	164·3
Textiles	113·3	118·9	113·3	126·5	126·9	124·4	122·3
Chemicals, Oils, etc.	104·6	110·6	107·7	119·0	115·5	112·0	111·1
Leather and Boots and Shoes	104·5	116·0	109·7	122·1	126·7	121·4	116·4
Food, Drink and Tobacco ...	102·3	107·6	109·2	113·9	106·9	114·5	115·2
Total*	106·1	113·5	110·7	120·7	122·9	122·9	121·7

* Includes paper and printing, gas and electricity, rubber, cement and tiles.

UNEMPLOYMENT

(a) Percentage of Insured Workers

Date	1929	1930	1931	1932	1933	1934	1935	1936
End of—								
January	12·3	12·4	21·5	22·4	23·1	18·6	17·6	16·2
February	12·1	12·9	21·7	22·0	22·8	18·1	17·5	15·3
March	10·0	13·7	21·5	20·8	21·9	17·2	16·4	14·2
April	9·8	14·2	20·9	21·4	21·3	16·6	15·6	13·6
May	9·7	15·0	20·8	22·1	20·4	16·2	15·5	12·8
June	9·6	15·4	21·2	22·2	19·4	16·4	15·4	12·8
July	9·7	16·7	22·0	22·8	19·5	16·7	15·3	12·4
August	9·9	17·1	22·0	23·0	19·1	16·5	14·9	12·1
September	10·0	17·6	22·6	22·8	18·4	16·1	15·0	12·1
October	10·3	18·7	21·9	21·9	18·1	16·3	14·5	12·1
November	10·9	19·1	21·4	22·2	17·9	16·3	14·5	
December	11·0	20·2	20·9	21·7	17·5	16·0	14·1	

(b) Actual Numbers Unemployed (in thousands)

	Mar., 1932	Mar., 1933	Mar., 1934	Mar., 1935	Oct., 1935	Mar., 1936	Sept., 1936	Oct., 1936
Number of Insured Persons unemployed—								
Wholly unemployed	2,129	2,205	1,814	1,727	1,575	1,551	1,312	1,343
Temporarily stopped	427	511	317	324	243	240	236	196
Normally in casual employment ...	104	105	94	92	84	88	72	75
Total...	2,660	2,821	2,225	2,143	1,902	1,879	1,620	1,614

RAILWAY TRAFFIC RECEIPTS

	Four weeks ended				Aggregate for 47 weeks			
	Nov. 24, 1935.		Nov. 22, 1936.		1935.		1936.	
	Passengers.	Goods.	Passengers.	Goods.	Passengers.	Goods.	Passengers.	Goods.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Great Western ...	0·6	1·3	0·7	1·2	9·7	13·3	9·9	13·7
London & North Eastern*	1·1	2·5	1·1	2·5	14·9	25·3	15·3	26·2
London Midland & Scottish	1·5	3·0	1·6	3·1	22·8	32·2	23·4	33·8
Southern	1·0	0·4	1·0	0·4	14·2	4·3	14·5	4·4
Total...	4·2	7·2	4·4	7·2	61·6	75·1	63·1	78·1

* The London & North Eastern Railway Returns are made up a day earlier each week than the other lines.

RETAIL TRADE

(from the Board of Trade Journal)

Change in value since same date in previous year

	Oct., 1933.	Oct., 1934.	Oct., 1935.	Sept., 1936.	Oct., 1936.
By CATEGORIES: Great Britain	%	%	%	%	%
Total	+ 0·6	+ 3·2	+ 7·4	+ 4·5	+ 7·4
Food and Perishables	− 0·4	+ 2·8	+10·2	+ 7·4	+ 6·4
Other Merchandise of which					
Piece-goods*	− 0·4	− 2·7	− 2·2	− 1·4	+ 4·3
(i) Household Goods ...	+ 2·3	− 1·2	− 5·2	− 0·5	+ 7·3
(ii) Dress Materials	− 1·5	− 3·3	− 0·9	− 2·0	+ 2·1
Women's Wear*...	+ 2·0	+ 2·9	+ 4·4	+ 1·4	+ 8·5
(i) Fashion Departments ...	+ 3·4	+ 5·4	+ 5·2	+ 4·7	+11·4
(ii) Girls' and Children's Wear	+ 4·8	− 2·3	+ 4·7	− 1·3	+11·5
(iii) Fancy Drapery	+ 0·8	+ 1·4	+ 4·0	− 2·5	+ 4·9
Men's and Boys' Wear	+ 0·2	+ 4·3	+10·3	− 3·8	+11·2
Boots and Shoes...	− 3·5	+ 9·2	+ 6·9	+ 6·0	+ 6·4
Furnishing Departments ...	+ 8·7	+ 4·3	− 1·7	+ 3·2	+11·3
Hardware	+ 9·4	+ 3·7	+ 0·7	+ 2·1	+ 6·9
Fancy Goods	+ 1·4	+ 2·1	+ 3·6	+ 4·7	+ 8·5
Sports and Travel	+ 3·2	+ 1·6	+ 5·6	+ 9·6	+ 0·8
Miscellaneous and Unallocated	− 4·6	+ 5·2	+11·0	− 2·8	+ 5·7
By AREAS—					
All Categories—					
Scotland	− 0·9	+ 3·9	+ 5·1	+ 4·7	+ 5·5
Wales and North of England...	− 0·2	+ 3·0	+ 7·6	+ 4·5	+ 6·9
South of England	+ 0·5	+ 2·8	+10·2	+ 4·8	+ 8·4
London, Central & West End	+ 4·1	+ 2·9	+ 2·0	+ 3·6	+ 6·7
London, Suburban	− 0·3	+ 4·6	+ 8·9	+ 4·4	+ 8·3

* Including some goods which cannot be allocated to sub-headings.

OVERSEAS TRADE

Date.	Imports.				Exports.			
	Food.	Raw Materials.	Manufactured Goods.	Total.	Food.	Raw Materials.	Manufactured Goods.	Total.
Monthly Average—	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
1925	47·5	35·4	26·6	110·1	4·6	7·0	51·4	64·4
1929	44·6	28·3	27·9	101·7	4·6	6·6	47·8	60·8
1930	39·6	20·9	25·6	87·0	4·0	5·3	36·7	47·6
1931	34·7	14·4	21·8	71·8	3·0	3·9	24·3	32·6
1932	31·1	13·7	13·1	58·5	2·7	3·6	23·0	30·4
1933	28·3	15·0	12·6	56·3	2·4	3·8	23·4	30·6
1934	28·9	17·5	14·3	61·0	2·5	4·0	25·4	33·0
1935	29·7	17·7	15·4	63·1	2·6	4·4	27·4	35·5
Oct., 1935	37·5	18·0	17·5	73·4	3·4	4·7	30·6	39·9
Oct., 1936	38·9	21·5	19·8	80·5	3·6	4·8	32·2	41·8

SOME LEADING IMPORTS

Date.	Wheat.	Iron Ore and Scrap.	Raw Cotton.	Raw Wool.	Hides, Wet and Dry.	Wood Pulp.	Rubber.	Iron and Steel Manufactures.
Monthly Average—	(thous. cwts.)	(thous. tons)	(thous. centals of 100 lbs.)	(thous. centals of 100 lbs.)	(thous. cwts.)	(thous. tons)	(thous. centals of 100 lbs.)	(thous. tons)
1925	8,071	373	1,578	606	155	103	163	227
1929	9,314	480	1,283	678	98	137	330	235
1930	8,731	363	1,011	652	108	128	326	243
1931	9,952	185	989	707	106	122	237	237
1932	8,803	159	1,048	765	105	153	176	133
1933	9,366	234	1,169	793	120	162	189	81
1934	8,552	392	1,052	657	116	187	395	114
1935	8,435	415	1,057	720	141	185	325	96
Oct., 1935	9,908	384	1,376	403	191	201	226	101
Oct., 1936	8,873	554	1,438	512	162	206	101	101

SOME LEADING EXPORTS

Date.	Coal.	Iron and Steel.	Machinery.	Cotton Yarns.	Cotton Piece-Goods.	Woollen Tissues.	Worsted Tissues.	Motor Cars.
Monthly Average—	(thous. tons)	(thous. tons)	(thous. tons)	(mill. lbs.)	(mill. sq. yds.)	(thous. sq. yds.)	(thous. sq. yds.)	(number)
1925	4,235	311	43	11·3	370	11,015	3,492	1,481
1929	5,022	365	47	11·8	306	9,016	3,490	1,991
1930	4,573	263	40	11·1	201	6,587	2,893	1,602
1931	3,563	165	27	11·4	143	4,694	2,479	1,429
1932	3,242	157	25	13·9	183	4,461	2,358	2,246
1933	3,256	160	23	15·8	169	5,110	2,741	2,821
1934	3,305	188	28	10·9	166	5,745	2,772	2,904
1935	3,226	198	32	11·8	162	5,941	3,218	3,683
Oct., 1935	3,286	219	36	12·6	161	6,271	3,250	4,830
Oct., 1936	3,226	194	33	13·0	178	6,209	2,990	4,826

1. WHOLESALE PRICES

Date	Index Number (Sept. 16th, 1931 = 100).				
	U.K.	U.S.A.	France.	Italy.	Germany.
Average 1925	177·9	152·3	154·1	148·9	130·2
1929	150·9	139·4	141·3	146·0	126·1
1931	107·7	103·5	105·5	103·5	101·9
1932	103·5	89·3	92·0	93·1	88·7
1933	103·5	93·7	87·7	86·6	85·7
1934	106·4	111·1	83·1	84·2	90·4
1935	108·1	120·3	78·4	—	93·5
End Oct., 1935 ...	113·2	123·2	79·1	107·4	94·6
„ Nov., 1935 ...	113·6	122·5	79·8	—	94·7
„ Oct., 1936 ...	120·8	122·5	102·1	—	95·8
„ Nov., 1936 ...	123·7	124·8	106·9	—	95·9

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Générale; Italy, Italian Chamber of Commerce; Germany, Statistiche Reichsamt.

2. RETAIL PRICES (cost of living)

Date	Food	Rent (including Rates)	Clothing	Fuel and Light	Other Items included	All Items included
End of 1925 ...	71	48	125	80–85	80	75
1929 ...	57	52	115	75	80	66
1931 ...	31	54	90	75	75	47
1932 ...	23	55	85	70–75	70–75	42
1933 ...	24	56	85	70–75	70–75	42
1934 ...	25	56	85–90	70–75	70–75	44
1935 ...	31	58	85	75	70	47
End Oct., 1935...	31	58	85	70	70	47
„ Sept., 1936...	32	59	90	75	70	48
„ Oct., 1936...	36	59	90	75	70	51

The figures represent the percentage increase above July, 1914, which is equal to 100.

3. COMMODITY PRICES (average for month)

Date	Wheat No. 1 N. Manitoba.	Sugar Centrifugals U.K.	Cotton American Middling.	Wool 64's tops avge.	Pig-Iron, Cleveland No. 3.	Tin, Standard Cash.	Rubber Plantation, Sheet.
	per qr. s. d.	per cwt. s. d.	per lb. d.	per lb. d.	per ton. s. d.	per ton. £	per lb. d.
Average 1925 ...	66 4½	12 9	12·65	54 13/16	72 9¾	261 5/16	34 5/16
1929 ...	54 0¾	9 0½	10·29	38⅞	70 4¾	203 15/16	10½
1931 ...	28 2¾	6 4¾	5·08	23 1/16	58 7	118⅛	3⅛
1932 ...	30 6¼	5 9⅛	5·29	22 1/16	58 6	136 5/16	2 5/16
1933 ...	28 2	5 4	5·53	28 5/16	62 3	194 13/16	3¼
1934 ...	30 11	4 8⅛	5·66	30 13/16	66 10½	230	6 5/16
1935 ...	34 3⅛	4 8	6·69	28	67 10	225 13/16	5 13/16
Oct., 1935 ...	36 9	4 10¾	6·44	30¾	67 6	227 1/16	6⅛
Sept., 1936 ...	40 3	4 7	6·80	32⅛	75 0	194⅞	7 11/16
Oct., 1936 ...	44 6⅜	4 10⅜	6·89	31⅞	75 0	222 1/16	7 13/16

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